

TIF Districts – Reporting/Closeout

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Today's Agenda



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- I. General guidance on TIF statutes
- II. Annual reporting requirements for TIF districts
- III. Audit requirements for TIF districts
- IV. TIF district closeout process

General Guidance on TIF Statutes

66.1105 Tax increment law

- Most common type of TIF Districts in WI (Cities and Villages)

66.85 Town tax increment law

- Towns can create TIF districts under limited circumstances

57.57 (3) Tax incremental financing

- Gives authority to counties in which no cities or villages are located to exercise powers under 66.11105 and create TIF districts

66.1106 Environmental remediation tax incremental financing

- Gives authority to cities, villages, towns or counties to create TIF districts for environmental remediation

60.23(32) Town tax increment powers

- Allows towns with cooperative boundary agreements to create TIDs under 66.11105

Annual Reporting Requirements for TIF Districts

- > Each year, by May 1st, municipalities with a TID are required to distribute an Annual Report to all overlying taxing jurisdictions summarizing the status of the TIDs they administer.

- County
- School District
- Technical College
- Special Districts

May 2015

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- > It is not required to be submitted to the Department of Revenue (DOR)
- > Must be made available to the public
- > Applies to all TIDs regardless of the statute it was created under

Contents

- > Describe status of each existing TIF District
- > Include both expenditures and revenues

EXPENDITURES
Revenues

Options for format

- Municipality can create their own document.
- Municipality can engage an auditor to prepare a compiled financial statement specific to the TIF District.
- Municipality can use their annual financial audit report, provided it contains sufficient detail and adheres to the statute requirements.
- Other

Audit Requirements for TIF Districts

The TIF district must have an audit by a certified public accountant at three points in the life of the district

- > No later than 12 months after 30% of the project expenditures are made
- > No later than 12 months after the end of the expenditure period, as defined by the statutes
- > No later than 12 months after the termination of the TIF district

Exceptions to the above exist for ER TIDs

Note: If additional projects costs are added to the project plan via an amendment, the district may be required to have an additional audit

- > Municipalities should be performing an annual calculation of project expenditures to determine if the 30% threshold has been reached and an audit is required for that year.

- > The 30% audit covers expenditures incurred to date.
- > The 30% audit covers compliance matters, primarily associated with the creation of the TIF district.
- > If any amendments have been adopted, this audit will cover expenditures and compliance with the adoption of the amendments.

100% Audit (End of Expenditure Period)



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- > The 100% audit covers expenditures incurred between the 30% audit and the end of the expenditure period.
- > The 100% audit covers compliance matters, primarily associated with this period in the life of the TIF district.
- > If any amendments have been adopted since the 30% audit, this audit will cover expenditures and compliance with the adoption of the amendments.

TIF District Closeout Process

There is a difference between a TID termination and a dissolution.

A TID is terminated when all project costs have been recovered or its maximum life is reached.

A TID is dissolved when the municipality decides to end it for any other reason.

Both must be done by governing body resolution.

- > When a TID is terminated or dissolved, the municipality must provide the DOR with the following:
 - Written notice within 60 days of the termination resolution using form PE-223
 - Send a copy of PE-223 along with a copy of the resolution to the County Property lister, municipal assessor, and the overlying taxing jurisdictions also
- > The DOR and the municipality will then agree on a date by which the municipality will provide final information

Final information due to DOR includes:

- > A final accounting of all expenditures paid by the municipality
- > The total amount of project costs incurred by the municipality
- > The total amount of positive tax increments received by the municipality
- > The total amount of project costs, if any, not paid for with tax increments that became obligations of the municipality after the district was terminated.
- > Form PE-110 TID Final Accounting Report
- > DOR excel file or Final Audit Report/Financial Statements, if they contain the same information as the excel form



WARNING

If you do not submit the required termination forms or information within the agreed upon timeframe, the DOR may not certify the tax incremental base of other TIF Districts until the form is submitted.

Other considerations

- > Timing of termination is important
- > If a TID is terminated before May 15th, it will not receive an increment for the following year. (Terminated before May 15, 2015, it will not receive an increment for 2015 taxes payable and collected in 2016.)
- > If a TID is terminated between May 15 and September 30, the DOR will certify another increment but will not count its value in the 12% test, which can be important if looking to create another TID.

- > If a TID is terminated after September 30, the DOR will certify another increment and will count its value in the 12% test.
- > If a municipality wants to (or is required to) terminate a TIF district but there are expenses left to be paid, some municipalities have set up an escrow account to cover this and still be able to terminate. Municipalities should consult their financial advisor or legal counsel to ensure proper administration.

- > The final audit by the CPA should not be completed until all projects costs are paid or arrangements have been made to cover final costs such as bond payments.
- > Audit covers expenditures incurred since the last audit (at the end of the expenditure period).
- > Audit covers compliance matters, primarily associated with the termination or dissolution of the TID.



Questions?